

Message Text

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ACTION EUR-12

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USEEC

PARIS ALSO FOR OECD

E.O.11652: H/A
TAGS: ENRG, EEC
SUBJECT: CLARIFICATION OF REPORTED PREFERENTIAL EC
OIL SHARING PLAN

REF: (A) LONDON 3145 (NOTAL), (B) 77 BRUSSELS 15084

1. DURING A RECENT MEETING WITH GEORGES BRONDEL,
DIRECTOR FOR OIL AND GAS AFFAIRS AT THE EC COMMISSION,
A MISSION OFFICER ASKED BRONDEL, WHILE CAREFULLY PRO-
TECTING THE SOURCE OF THE INFORMATION IN REF A, WHETHER
THERE HAS BEEN A RECENT NEW EC PROPOSAL REGARDING OIL-
SHARING WITHIN THE EC COMMUNITY WHICH MIGHT HAVE BEEN
DISCUSSED WITHIN THE FRAMEWORK OF THE IEA. BRONDEL WAS
PUZZLED SINCE HE SAID THERE WERE NO NEW PROPOSALS AS
DESCRIBED. HE FELT THE REPORT MAY HAVE STEMMED FROM
DISCUSSIONS HE HAD IN PARIS DURING A MID-FEBRUARY
MEETING OF THE SEQ WHEN HE DESCRIBED THE COMMUNITY'S
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TWO CRISIS MANAGEMENT MEASURES AND HOW THEY FIT INTO
THE IEA EMERGENCY SHARING SYSTEM. HE NOTED THAT SOME
IEA MEMBERS AND OIL COMPANY REPRESENTATIVES HAD RAISED
QUESTIONS AS TO WHETHER THE EC SYSTEM COULD DISTURB THE
IEA EMERGENCY ALLOCATION SYSTEM AND PERMIT DIVERSION OF
SOME IEA-ALLOCATED OIL TO FRANCE, A NON-IEA MEMBER.

2. BRONDEL SAID THAT SPECIAL PROVISIONS FOR SOME REALLOCATION OF OIL WERE INCLUDED IN THE COUNCIL DECISION ON SETTING TARGETS FOR REDUCTION OF ENERGY CONSUMPTION IN THE EVENT OF A DISRUPTION IN THE SUPPLY OF PETROLEUM AS PUBLISHED IN THE COMMUNITY'S OFFICIAL JOURNAL OF NOVEMBER 16, 1977 (REF B). THESE HAD BEEN ADDED LARGELY AS A RESULT OF ITALIAN CONCERN THAT BECAUSE OF ITS DEPENDENCE ON IMPORTED OIL, ITS ECONOMY WOULD BE MORE SERIOUSLY DISRUPTED BY A SHORTAGE OF OIL THAN OTHER EC MEMBER STATES, SUCH AS GERMANY, THE NETHERLANDS AND THE UK WHERE COAL, NUCLEAR POWER, OR NATURAL GAS PROVIDE A LARGER SHARE OF TOTAL ENERGY. PARAGRAPHS 2 AND 3 OF ARTICLE 1 OF THIS COUNCIL DECISION PROVIDE THAT, IN THE EVENT OF AN INCREASE IN THE PETROLEUM SHORTFALL OR A CONTINUATION OF DISRUPTION FOR OVER TWO MONTHS, THE COMMISSION CAN PROPOSE TO THE EC COUNCIL A REDUCTION IN CONSUMPTION OF OTHER FORMS OF ENERGY IN ADDITION TO PETROLEUM. PETROLEUM SUPPLIES WHICH COULD BE SAVED IN INDIVIDUAL COUNTRIES AS A RESULT OF THE DIFFERENTIATED REDUCTION OF CONSUMPTION RESULTING FROM THESE PROVISIONS WOULD BE SHARED BETWEEN THE MEMBER STATES.

3. AS A RESULT, BRONDEL AGREED THERE MIGHT VERY WELL BE SOME MODIFICATIONS TO THE IEA PETROLEUM ALLOCATIONS TO INDIVIDUAL EC MEMBER STATES THAT ARE ALSO MEMBERS OF THE IEA. BRONDEL ANTICIPATED THAT MOST OF SUCH REALLOCATED LIMITED OFFICIAL USE

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OIL WOULD GO TO ITALY, BUT CONCEDED THAT SOME COULD CONCEIVABLY GO TO FRANCE, SINCE ITS NON-OIL ENERGY SOURCES ARE NOT AS IMPORTANT RELATIVELY AS THEY ARE IN SOME MEMBER STATES. HE FELT THAT THIS WOULD NOT INTERFERE WITH THE IEA EMERGENCY SHARING SYSTEM, HOWEVER, SINCE HE DID NOT BELIEVE THERE WAS ANYTHING IN THE IEA MECHANISM WHICH PREVENTED A COUNTRY FROM DRAWING DOWN ON ITS ALLOCATION IN ORDER TO RELEASE OIL FOR A NON-IEA MEMBER. FOR EXAMPLE, HE NOTED THAT JAPAN IF IT WISHED, COULD REDIRECT SOME OF ITS IEA ALLOCATED OIL TO JAPANESE COMPANIES OPERATING IN SOUTH KOREA. BRONDEL STRESSED THAT THERE IS NO INTENTION IN THE COMMISSION PROPOSAL TO GET A LARGER SHARE OF IEA ALLOCATED OIL FOR THE EC, NOR SHOULD THE PETROLEUM INDUSTRY FEEL THERE IS A CONFLICT BETWEEN ITS PARTICIPATION IN THE IEA SYSTEM AND THE EC ENERGY CRISIS MANAGEMENT MEASURES.

4. MISSION WOULD APPRECIATE WHATEVER INFORMATION MAY BE AVAILABLE IN PARIS OR WASHINGTON REGARDING BRONDEL'S PRESENTATION ON THE OPERATION OF THE EC EMERGENCY CRISIS MANAGEMENT MEASURES AND HOW THEY RELATE TO THE IEA SYSTEM. HINTON

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